

March 6, 2025

Chair Tran, Vice Chairs Grayber and Lewis, and Committee members-

My name is Nikki Mandell. I live in Portland. I'm part of the CEI Hub Task Force -- community advocates committed to raising public awareness about the CEI Hub.

I'm writing in strong support of the 4 bills, with requests for clarifying amendments to HB 2949 and HB 3450.

Our task force is part of a community effort to bring attention to this critical issue – and thereby strengthen your resolve to address it. We have spoken with scores of neighborhood associations, community and faith-based groups in Portland and around the state. Why? The CEI Hub is critical infrastructure for the entire state. It is also a ticking time bomb that must be diffused before it goes off.

I was shocked when I learned that virtually all of Oregon's liquid fuels flow through a single complex of tank farms, sitting on unstable infill soils, located in the midst of a wildland-urban interface zone, bisected by rail lines.

People in every group we've spoken to have a similar reaction –

- *Are you kidding?*
- *What's being done about it?* and
- *Surely there must be a plan?*

Last spring - 48 NA's, and 40 community and faith-based groups joined us in signing a letter to our elected representatives calling for action. The bills before you address two of the concerns raised in that community call:

- A wholistic CEI Hub plan that brings all stakeholders and communities to the table. (HB 3450); and
- Assignment of Financial Responsibility. (HB 2949)

In our conversations with legislators, we've heard: Isn't this a Portland problem? Yes, this is a Portland problem. We are painfully aware of that. Researchers have predicted many thousands of deaths and injuries beyond those caused by the predicted earthquake.

But, it's also an Oregon problem. The CEI Hub supplies 90% of the gas and diesel; 100% of the jet fuels, and a range of industrial products used throughout the state. It will not take the predicted CSZ quake, to bring this dependence home to every district. A local quake on the Portland Hills fault, a fire that starts in Forest Park or a derailment on the tracks that bisect the Hub could destroy the tank farms without harming anyone outside Portland.

But, your clear skies won't mean business as usual. Gas stations in virtually every district of the state depend on resupply every few days, as do your markets, local businesses, medical facilities, ... and the list goes on. No Hub, no resupply.

We know that the most life-saving and cost-effective kind of emergency management is PREVENTION AND PREPAREDNESS.

Portland cannot solve a STATEWIDE problem. The State must be the lead in some areas – and the four bills before you fall into this category. My focus here is on HB 2949 and HB 3450, both of which call for a risk bond study

Risk bonds hold a business financially responsible for damages caused by their operations. This is common in many sectors, from home repair to financial management.

Financial assurances are required across almost all of the fossil fuel industry. Federal laws require risk bonding for underground storage tanks, for water-borne vessels, and for offshore facilities. Above ground storage tanks, like those at the CEI Hub, fall outside such requirements. It's left to the states to establish this kind of public-protective measure. It's time for Oregon to do this! If there's a disaster at the Hub today, response and recovery costs will fall on state and local governments. Those costs have been calculated in the billions of dollars. Public budgets cannot afford this. Nor should they.

A risk bond study should recommend meaningful financial assurance requirements. In order to do this, these bills will need to be more clearly elaborated, and reconciled. That reconciliation should recognize that a risk bond study – or risk bond regulation - is part of, but not a substitute for a CEI Hub Transition Plan.

Financial assurances deal with the costs of post-disaster response and recovery
We must *also* take action to avoid the fuel disaster to begin with. As so many of our neighbors have asked: What's the Plan?

We can no longer expect each facility to solve the CEI Hub zone's dangers on a property-by-property basis; OR for local governments to resolve a problem that crosses jurisdictional boundaries; OR to continually repeat the litany of dangers on an endless loop.

We look forward to working with you, and to offering amendments that will provide clearer guidance about objectives, query topics, and process for these study bills.
Attached below: Preliminary list of recommended amendments

Thank you,
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Preliminary Recommended Amendments to CEI Hub Bills; more forthcoming from community advocates

HB 3450 – CEI Hub Long Term Planning/Transition Planning

1. **Add: specific purpose statement**

In general, we support the suggestion in industry expert Jeff Wyatt's Feb. 6 letter to Rep. Tran. However, the purpose should be stated broadly enough to encompass the known risks at the CEI Hub site (to include all fuels, not just petroleum; and include major risks, not just seismic).

"In the event of a major seismic event, fire, train derailment, or other disaster, the storage of liquid fuels, oils, and chemicals at the Critical Energy Infrastructure Hub presents a critical environmental and safety risk and threatens Oregon's energy supply resilience. A forward-looking plan for bulk fuel storage that addresses these risks is essential to enhance long-term infrastructure safety and reliability to meet the state's evolving energy requirements.

2. **Section 1 (3) (a) specifically identify environmental community and labor as those who must be engaged.**

Engage industry stakeholders, technical experts, researchers, affected community members, labor, environmental justice communities, state and local government agencies and other interested parties to inform the development of the plan; and ...
Underlining above is added to current bill text

3. **Section 1 (3) (b) – see suggested amendments to HB 2949 (Risk Bond Study bill)**

Note: HB 3450 calls on ODOE to conduct this study; HB 2949 charges DEQ with this study

4. **Section 1(3) add three additional provisions after a and b to provide clearer direction**

In general, we support the suggestions in industry expert Jeff Wyatt's Feb. 6 letter to Rep. Tran. However, (1) petroleum should be replaced with language that encompasses fuels as defined in ORS 468B.510; and (2) the bill should call for full plan development and recommendations, not a preliminary assessment requiring further state-funded studies.

Underlined words below are added to text suggested by Jeff Wyatt

- Direct the agencies to benchmark three to five comparable ~~petroleum~~ bulk fuel storage and distribution sites, identifying key features, risks and mitigations.
- Identify three to five alternative transition plans that will enhance long-term infrastructure safety and reliability of the Critical Energy Infrastructure Hub, including maintaining the status quo. ~~Conduct a preliminary assessment of~~ Assess the critical factors necessary for decision-making, including but not limited to cost, schedule,

technical feasibility, environmental and social impact, regulatory and compliance requirements, market considerations, predicted changes in needed fuel storage capacity due to changing energy sources, and the implementation roadmap for goals in Section 1(2).

- Identify a preferred and an alternative transition plan, with an explanation for these plans, and the next steps needed to fully develop each plan for action by the State
5. **Section 5:** require that ODOE include recommendations to the legislature by changing the word “may” to “should”
The report ~~may~~ should include recommendations for legislation necessary to implement the preferred and alternative transition plans.

HB 2949 – Risk Bond Study

1. Add: specific purpose statement

Residents, businesses and the environment face known and predictable risks from fuel spills and/or toxic releases during the operation, transportation, use and storage of fuels and toxins, after accidents, derailments, or due to incidents such as lightning strikes, wildfires, or earthquakes. Financial assurances (risk bonds) help ensure that potentially responsible parties, and not public funding sources, bear the financial burden of completing cleanups and remediation in the aftermath of a triggering event.

2. Section 1 (1) suggest adding that DEQ also seek input from experts within the DFR

The Department of Environmental Quality shall, in consultation with the Division of Financial Regulation in the Department of Business and Consumer Services, contract with an independent third party to study....

3. Section 1 (1) suggest that the study include consideration of financial assurance in the event of other known causes of catastrophic failure that are relevant to Oregon, not just seismic – by adding to the final sentence in this section, as per underlining --

..... for costs associated with a catastrophic release of oil or liquid fuels, as defined in ORS 468B.510 as a result of an earthquake, fire, derailment or other triggering event.

4. Section 1 (X) add a section clarifying criteria and issues that should be considered in the study, to provide better guidance and ensure actionable information

In developing the plan, DEQ and/or the third party contracted to complete the study shall:

- a) Identify and assess the efficacy of financial assurance requirements for comparable or related facilities, including but not limited to above ground storage tanks, underground storage tanks, and hazardous waste, nationally and in other states.
- b) Identify and assess the availability, advantages and disadvantages of different financial assurance requirements in terms of their potential for achieving the goal, as in the purpose statement above. The goal is to ensure that potentially responsible parties, and not public funding sources, bear the financial burden of completing cleanups and remediation. Requirements to be assessed should include
 - a. Assurance instruments, singly and in combination;

- b. Monetary requirements, including criteria that may be used to determine financial responsibility
- c. Claims and payout mechanisms, including the avoidance of, or potential for, delays
- c) Assess a financial assurance requirement with regard to the level of facility compliance with the Fuel Tank Seismic Stability Program (ORS 468B.510 to 468B.525).
- d) Develop and evaluate two to three alternative financial assurance requirement plans.

HB 2152 – Diversification of Fueling

Two related thoughts on this one:

1. Julie Chapman, with the Portland chapter of the League of Women Voters, and who was active on Zenith issues some years ago, just sent me this report: CAN, [Diversification of Oregon's liquid fuel storage: A screening tool](#) (Sept. 2024)

Have you seen it? I had heard about it, but had never seen it. I've only had time to skim it. It appears to be part of ODOE's compliance with SB 1567's charge to develop an Energy Security Plan. It seems to show that they (their contractor, CNA) actually did do more towards developing a fuels for disaster diversification plan than ODOE let on in either their Sept. or Dec. leg days reports to Tran's Emergency Management committee. And, if I'm understanding the report, it looks like this Sept. 2024 CAN report fulfills one or two of the items listed in HB 2152.

2. My suggestion is that we send a message to Yumei letting her know that Rep. Tran is planning to schedule a public hearing on the 4 bills on Feb. 27, and that she has asked for any suggestions for amending any of the 4 bills as soon as possible – she doesn't want to wait, or be "surprised" on Feb. 27. I imagine Yumei knows about this report, but just in case, we could include the link.

Then, we leave it up to Yumei to offer suggestions for amending, as I don't feel at all competent and I know that Yumei is all over it.

HB 2151 – Expansion of uses of Seismic Risk Mitigation Fund

No recommended changes?